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# SUGAR LAND 4B CORPORATION

## AGENDA REQUEST

<b>AGENDA OF:</b>	<b>07-17-13</b>	<b>AGENDA REQUEST NO:</b>	<b>II-A</b>
<b>INITIATED BY:</b>	<b>CHRISTINE RANKIN EXECUTIVE SECRETARY</b>	<b>RESPONSIBLE DEPARTMENT:</b>	<b>CITY SECRETARY</b>
<b>PRESENTED BY:</b>	<b>GLENDA GUNDERMANN, CITY SECRETARY</b>	<b>DIRECTOR:</b>	<b>GLENDA GUNDERMANN CITY SECRETARY</b> 
		<b>ADDITIONAL DIRECTOR (S):</b>	<b>N/A</b>
<b>SUBJECT / PROCEEDING:</b>	<b>SUGAR LAND 4B CORPORATION MEETING APRIL 17, 2013 APPROVE MINUTES</b>		
<b>EXHIBITS:</b>	<b>MINUTES APRIL 17, 2013</b>		
<b>CLEARANCES</b>		<b>APPROVAL</b>	
<b>LEGAL:</b>	<b>N/A</b>	<b>DIRECTOR:</b>	<b>REGINA MORALES,</b>  <b>ECONOMIC DEVELOPMENT</b>
<b>RECOMMENDED ACTION</b>			
Approve the minutes of the Sugar Land 4B Corporation meeting held April 17, 2013.			
<b>EXHIBITS</b>			

STATE OF TEXAS                   §  
COUNTY OF FORT BEND       §  
CITY OF SUGAR LAND         §

**CITY OF SUGAR LAND  
SUGAR LAND 4B CORPORATION MEETING  
WEDNESDAY, APRIL 17, 2013**

**REGULAR MEETING**

The Sugar Land 4B Corporation convened in regular meeting open to the public in Cane Room, Suite 161, of Sugar Land City Hall on Wednesday, April 17, 2013, at 4:00 o'clock P.M. and the roll was called of the members; to wit:

Donald L. Smithers, President  
James Clancy, Jr.  
Mary Favre  
Cynthia Knox  
Allan Lazor  
Robert Pickell  
Bridget Yeung

**QUORUM PRESENT**

All of said members were present.

Also present were:  
Regina Morales, Director of Economic Development  
Jennifer Brown, Director of Budget and Research  
Christine Rankin, Executive Secretary, and  
A Number of staff and visitors

**CONVENE MEETING**

**President Smithers** convened the session, open to the public, to order at 4:00 o'clock P.M.

**MINUTES**

**President Smithers** introduced consideration on approval of the minutes of the Sugar Land 4B Corporation meeting held on February 20, 2013.

Following a full and complete discussion, **Director Yeung**, seconded by **Director Pickell** made a motion to approve the minutes of the Sugar Land 4B Corporation meeting held on February 20, 2013. The motion carried unanimously.

<b>BUDGET COMMITTEE</b>
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**President Smithers** introduced consideration on appointment of two members to Sugar Land 4B Corporation Fiscal Year 2014 Budget Committee.

**Ms. Jennifer Brown, Director of Budget and Research**, introduced **Mr. Bryan Guinn, Assistant Director of Budget and Research**, stating that he would be working with the Board through the Budget process.

**Mr. Guinn** stated that two board members serve on the Budget Committee; the Committee will meet with staff in June to review revenues, expenditures, proposed capital improvement and economic development projects. Following review by the committee the budget will be presented to the Board for consideration. The proposed budget will be filed with City Council July 23, 2013.

**President Smithers**, seconded by **Director Clancy** made a motion to nominate **Director Yeung** and **Director Favre** to the Budget Committee. The motion carried unanimously.

<b>AUDIT FISCAL YEAR 2012</b>
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**President Smithers** introduced discussion on Fiscal Year 2012 Audit and Comprehensive Financial Report for year ended September 30, 2012. **Ms. Jennifer Brown, Director of Budget and Research**, reviewed selected pages, 96 and 97, from 2012 Comprehensive Annual Financial Report.

**Ms. Brown** provided an overview of the Balance Sheet reflecting Assets, Liabilities and Fund Balance as of September 30, 2012.

Total Assets were \$7,313,416 of which the majority is in Restricted Cash and Investments (\$4,723,358). Restricted Cash and Investments represent leftover bond proceeds and reserves. Other Asset items include:

- Cash and Equivalents \$1,160,502
- Investments total \$500,605
- Receivables-less allowance for uncollectible \$927,312
  - Representing two months of sales tax allocation from the State
  - Annual audit on accrual basis
- Liabilities in the amount of \$73,716, the majority represents year end accruals reimbursing either payroll or capital projects in progress at year end.
- Remaining \$7,239,700 represents the corporation fund balance
  - non-spendable prepaid items, reimbursement to the State for 1999 sales tax reallocation
    - 30 year repayment interest rate from corporation, \$1,639 per year due October 1<sup>st</sup>
    - paid prior to fiscal year end is considered a prepaid item
- \$4,723,358 restricted for debt service, debt service reserves in bond money, remaining funds of \$2,514,703 are restricted for economic development
  - no unrestricted fund balances
  - revenues are restricted either for debt service or economic development

<b>AUDIT FISCAL YEAR 2012 (CONTINUED)</b>
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Reconciliation from Fund Balances to Net Assets reflects long term assets totaling \$271,000 and long term liabilities totaling \$41,843,700. Long term liabilities reflect the Corporation outstanding debt. Majority of the outstanding debt is the baseball stadium bonds, outstanding bonds previously issued for projects, girls softball, Texas Garage and the Conference Center. There are approximately 11 or 12 million remaining on bonds. Because the Corporation relays all assets to the city upon completion, there are no assets other than the \$271,000 long term assets. Net Assets are shown as \$34.5 million.

Statement of Revenues, Expenditures and Fund Balances, Changes in Fund Balance

Revenues

- Total revenues: \$5,614,445
  - Sales Tax Revenues \$5,400,228
  - Intergovernmental revenues total \$144,008. represents the TIRZ assignment used in support of Texas Garage debt
    - Portion of debt where developer bought parking spaces from corporation; reimbursement for the share that has not been repurchased.
- Interest earnings \$33,283
- Other: off-site parking pro-rated lease payment from meters

Expenditures

- \$19,943,390 Baseball stadium construction
- Principle and interest payments on outstanding bonds
  - Principle: \$1,635,000
  - Interest: \$1,746,000
- Total expenditures: \$23,321,646

Revenues under expenditures

- (\$17.7 million)
  - Bonds issued Fiscal Year 2011
  - Majority of expenditures reported in Fiscal Year 2012 with construction of the stadium
- Beginning of year Fund Balance \$24,946,901
- End of Year Fund Balance - \$7,239,700

**Director Favre** asked what interest percentage was paid on the bond debt. **Ms. Brown** responded that interest rates were not as favorable as the current rate; the bonds have a call provision. If the interest rates remain low, there is a reclaiming opportunity. Typically the call provision is ten years into the bonds.

<b>WORKSHOP GLEN LAUREL HOMEOWNERS ASSOCIATION JOINT CIP FUNDING</b>
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**President Smithers** introduced discussion on Glen Laurel Homeowners Association application for Joint CIP Funding for fencing on West Airport Boulevard.

<b>WORKSHOP GLEN LAUREL HOMEOWNERS ASSOCIATION JOINT CIP FUNDING (CONTINUED)</b>
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*Ms. Regina Morales, Director of Economic Development*, stated the purpose of the Joint Participation CIP Program is to enhance the community through development of projects initiated by the private sector community based organizations that will enhance public property; and where the use of 4B funds will increase the quality or scope and/or decrease the development time.

Program Status

- Program Sugar Land 4B Corporation
- FY13 - \$100,000 available
- Awarded on first come first serve basis
- Recent Projects (prior years)
  - RiverPark Park at the Levee, Park Improvements
  - Venetian Estates POA, ROW Landscaping
  - City of Meadows Place, ROW Landscaping
  - Avalon Community Association, ROW Landscaping
  - Greenbriar Neighborhood Association, Park Improvements

Eligibility Criteria

- Project complies with policy & State eligibility for 4B Corporation funding
- Organization has 50% or greater participation
- Located within City limits
- Does not conflict with existing City plans
- Financial ability of applicant to fund pro-rata share
- Project must be located on public property or public easement or enhance or protect public property

Application Approval Process

- Contact, City of Sugar Land Office of Economic Development
- Pre-Application Meeting
- Application Submittal
- Internal Application Review
- 4B discussion to gather input
- 4B Meeting (Workshop)
- 4B Meeting (Consideration on Approval)

Glen Laurel Homeowners Association requests Joint CIP Funds to install approximately 3500 linear feet of permanent cement fencing along the north and south side of West Airport Boulevard within Glen Laurel subdivision.

Consideration points of the request:

- To improve the look of West Airport as a major entry point into the City and Sugar Land Business Park
- To promote and develop new or expanded business enterprises in the business park and the City generally
- Fencing related to improving streets and streetscape

<b>WORKSHOP GLEN LAUREL HOMEOWNERS ASSOCIATION JOINT CIP FUNDING (CONTINUED)</b>
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***Ms. Karen Glynn, Assistant City Manager***, introduced representatives of Glen Laurel. ***Ms. Debra Johnson, President Glen Laurel Homeowners Association*** and ***Mr. John Clark, Secretary/Treasurer Glen Laurel Homeowners Association***.

***Ms. Glynn*** stated the existing wood fencing was installed by developer approximately 14 years ago and does not meet current streetscape standards. Current streetscape standards require noise mitigation barrier and buffer along major arterials. Photos were provided to reflect the current condition of the fencing.

The scope of the proposed fencing includes:

- Installing 3500 linear feet by 6 foot high H AFTED Dry-Stack Concrete Sound Barrier Wall in HOA choice of paint colors
- Tear down and haul away existing wood fence and forty 6 foot high columns.
- Stamped-engineer report if required is an additional \$2,500
- Total fence project cost is \$328,945 based on bid received by the Glen Laurel Board of Directors from Aber Fence and Supply Company
- The organization proposed to contribute \$228,945 (70%) and have requested \$100,000 (30%) from SL4B

HOA challenges include:

- Glen Laurel HOA was created with an assessment cap of \$425
- The HOA has reached the cap and additional funds are not available for improvements
- A Special Assessment Election was held for the fence and did not pass
  - The vote was 173 to 152 in favor; Bylaws Declarations state that majority is defined with 67% margin
- The HOA will hold a second election with City support and reduced scope

HOA requirements include:

- Second election must be held and approval for funding received
- Public Easement in fence location must be dedicated by HOA
- Additional details and verification of funding must be provided to City
- Bring request back to SL4B for consideration

The Board discussed several aspects of the proposal.

Glen Laurel contains 717 homes. The first quorum requirement is 60%, if that is not met, it drops to 30%. Special election results met the 30% quorum (215) but did not meet the 60% margin requirement. The special election failed to pass a special onetime assessment of \$499, in addition to the annual assessment.

Bill Dalton was the developer; language was removed from the Bylaws that would allow assessments to be raised, by a determined percentage, each year, currently \$425 is the maximum annual assessment allowed. To change the Bylaws, 51% of all residents would need to approve a change to allow assessment increases; this will be presented at the annual meeting November 2013. The Special Election would take place within the next few weeks; these are two separate issues.

<b>WORKSHOP GLEN LAUREL HOMEOWNERS ASSOCIATION JOINT CIP FUNDING (CONTINUED)</b>
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A requirement of the Corporation approval of funds is the requestor must show financial ability to fund a portion of the financial need. *Ms. Glynn* explained that there will be several steps involved in the process. If the project is something the Board would consider, the next step is for Glen Laurel HOA to go back to the voters, showing City participation in the project, and ask residents to vote again with a lower special assessment. If the vote passes, Glen Laurel HOA would come back to the Board and fulfill the Corporation requirements prior to receiving City funds. Glen Laurel is to receive three competitive bids prior to the special election.

The Board consensus is that the Glen Laurel project request is important and involves a gateway to the City. The Board questioned whether there were other HOAs with the same assessment issues. *Ms. Glynn* stated that an intern will conduct research on the City HOA assessments to determine if others exist like Glen Laurel. The City is mapping arterials with wooden fencing and areas not maintained by an HOA, such as commercial development adjacent to residential areas to determine similar fencing conditions.

An easement will be dedicated to the City allowing Right of Way access and maintenance of the fencing.

The 3500 square feet of fencing is currently grandfathered and could be replaced with a wooden fence; the HOA currently cannot afford the cost. The HOA recognizes that upgrading to H AFTED Dry-Stack Concrete Sound Barrier Wall would ensure longer life and less maintenance costs; maintenance would require repainting approximately every ten years, current funding is available to cover painting cost.

Discussion turned to other potential areas that could come forward with a request. The following items were addressed:

- \$100,000 funds are available each year
- Available on a first come, first serve basis
- Funds are available for like projects
- Project will improve appearance of one of the gateways to the City
- Historically, 4B Corporation has either not been approached with a request, leaving \$100,000 unused or did not have a request that required the full amount
- If determined there is a need for a budget increase in the annual amount in the future, budget consideration is possible
- Criteria will require that Glen Laurel HOA have proof of funding prior to the 4B Corporation commitment. Additionally, the City portion would be paid only after the HOA share was made, the City would either reimburse the HOA or make payment directly to the Contractor
- The Board discussed the concern of multiple requests for the same type of project should the project be approved.
  - If Glen Laurel HOA had the ability to raise the annual assessments, they would do so to cover the full cost of the project instead of requesting assistance. It is reasonable to question whether assessments could be raised with potential projects that might approach the 4B Corporation in the future.

<b>WORKSHOP GLEN LAUREL HOMEOWNERS ASSOCIATION JOINT CIP FUNDING (CONTINUED)</b>
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- Areas such as Jess Pirtle and Commonwealth were mentioned as potentially having fencing issues needing financial support
- The Joint Participation Program was designed for projects such as this; HOAs are aware of the availability of funds within the program

Following a full and complete discussion, Sugar Land 4B Corporation confirmed that the project was something the Board would consider when the criteria has been met and the request brought back.

<b>ADJOURN</b>
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There, being no further business to come before the Corporation, ***Director Clancy***, seconded by ***Director Lazor***, moved that the meeting adjourn. The motion carried unanimously and the meeting adjourned, time at 4:50 o'clock P.M.

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Donald L. Smithers, President

(SEAL)